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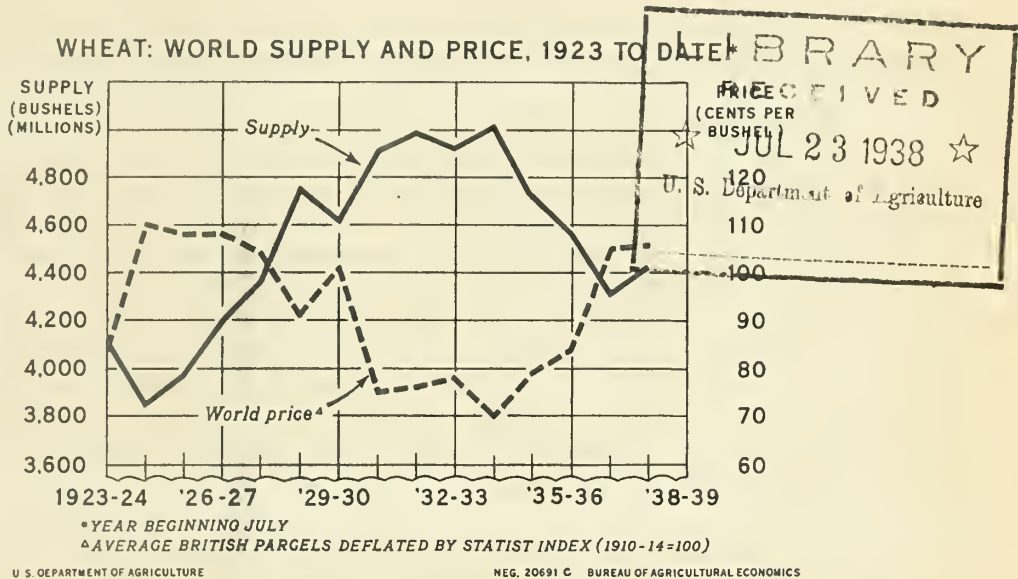


THE DEMAND AND PRICE SITUATION

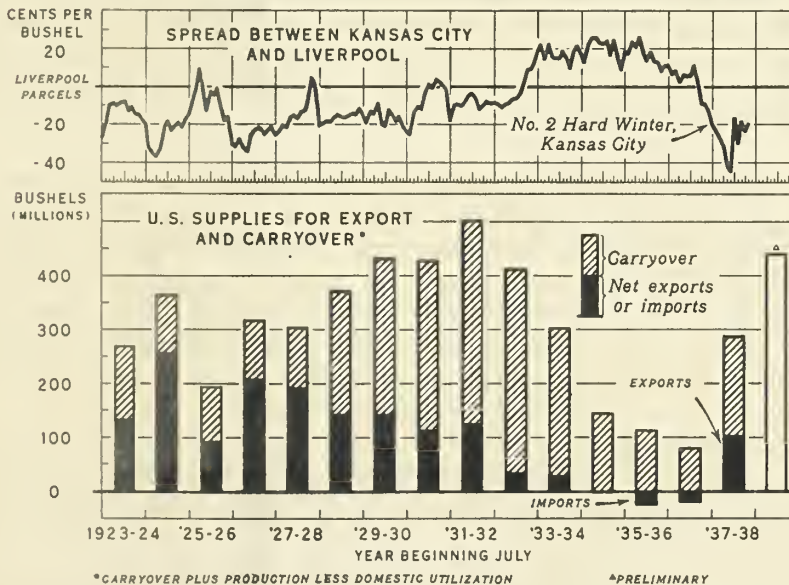
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

JULY 15, 1938



WHEAT: SPREAD BETWEEN PRICE AT KANSAS CITY AND LIVERPOOL, AND U. S. SUPPLIES FOR EXPORT AND CARRYOVER, 1923 TO DATE



U. S. DEPARTMENT OF AGRICULTURE

NEG. 34440 BUREAU OF AGRICULTURAL ECONOMICS

WORLD WHEAT SUPPLIES FOR THE YEAR BEGINNING JULY 1, 1938 ARE EXPECTED TO BE LARGER AND WORLD PRICES LOWER THAN IN 1937-38. EXPORTABLE SUPPLIES IN THE UNITED STATES ARE ALSO LARGE. DOMESTIC PRICES MAY CONTINUE BELOW WORLD LEVELS.

DOMESTIC DEMAND

Developments during the past month tend to confirm the position taken in earlier issues of this report that the low point in consumer incomes and demand for farm products would be reached some time during the summer. Recovery from this level in 1938 is expected to be moderate.

The rise in stock prices, an advance in prices of some raw materials, increased buying of some manufactured consumer goods, and generally improved business sentiment seem to indicate a turn in the business situation.

With these more definite indications that the bottom of the business recession has been reached, attention now centers on the probable degree and extent of the prospective recovery. The sharp rise in stock prices which occurred during the past month no doubt has affected the prospects for improvement during the coming year, through its influence on buying and investment policies and on general business sentiment. Since there have been no other substantial changes in fundamental economic conditions or future indications from those which have been in the picture during the past several months, the sudden rise in stock quotations evidently reflects a sudden realization on the part of many traders and investors that the downward movement had spent its strength, and that the general trend during the coming year probably will be upward.

General business sentiment seems to have shifted with the stock market from extreme pessimism to optimism. This, coupled with the expected moderate fall improvement in the lighter industries, may bring an earlier revival of spending for capital goods than previously has been indicated. Such revival, together with the increase in Government expenditures on longer term projects which will get into full force in late 1938 and early 1939, might result in a more rapid and substantial increase in industrial activity than conditions previously have indicated.

Even under the best of circumstances, however, considerable time is required for a change in business prospects to be reflected in increased spending for capital goods and material increases in pay rolls. The recovery movement until well into next year, at least, probably will have to depend mainly upon increases in the output of consumers' goods and materials for them. Since production in many of these lines has not fallen nearly so much as in the heavy industries, even a vigorous revival would leave industrial production as a whole much below the level which prevailed in 1936-37. A too sharp pick-up might be followed by a considerable reaction before the slower moving lines of production could catch up. Recovery to or beyond 1936-37 levels, therefore, is likely to require some time, and to be featured by considerable irregularity.

In view of these prospective industrial conditions, and the alterations in employment and consumer incomes which they imply, it seems probable that during the marketing season now beginning farm products will be sold under improving demand conditions which still will be relatively unfavorable compared with some recent years. The demand for some nonperishable products may be affected earlier and in somewhat greater degree as a result of anticipation of this improvement on the part of market traders and processors.

FOREIGN DEMAND

Although the foreign demand for United States farm products has not declined during the past year in as marked degree as has demand in this country, considerable weakness has developed. This is evidenced by the general drop in commodity prices, the decline of world industrial production, and increased stocks of raw materials. The effects of these changes in foreign demand conditions, however, have been quite different for various commodities.

Business activity in most foreign countries is either falling or marking time. The index of world industrial production (excluding the United States) declined 7 percent from November to April, the last month for which data are available. Of the major countries influencing the foreign demand for United States farm products, only Germany and Canada recently have been expanding in industrial production. In England, business activity has been declining since January, and is now at about the level of 2 years ago. The decline in British exports has been most significant, but the drop in industrial production for domestic uses also has been noticeable. The textile industries, dependent in large degree on export markets, have declined most sharply. Industrial activity in Germany, on the other hand, has increased rapidly since January, and continues well above the level of a year ago. Little recent change has been apparent in France, Belgium or Holland; and activity in Denmark, Norway, and Sweden continues at comparatively high levels. The industrial situation in Japan continues to be influenced by war preparations, which have greatly interfered with the normal course of industry, the importation of raw materials and the exportation of finished goods.

The slowing up of industrial activity in foreign countries which has been apparent since last fall may be halted by the expected improvement in industrial activity in the United States this fall and winter, since world conditions are greatly influenced by conditions in this country. Rearmament activity probably will continue vigorously in most foreign countries, and will help to arrest the decline which has been in progress.

The physical volume of exports of United States farm products continues at a high level. The seasonally adjusted index of the volume of agricultural exports in May was only slightly below the 2-year high point reached in April. This volume of exports reflects largely changes in supplies and prices of a number of important export commodities.

WHOLESALE PRICES

The general level of wholesale prices has fluctuated within a narrow range in recent weeks. The Bureau of Labor Statistics index of 813 wholesale price series, after declining steadily from July 1937 to late April, has been fairly stable for the last 10 weeks at about 78 percent of the 1926 average. The 10-week period has been characterized by slightly rising prices of farm products and foods, offset by slight declines in each of the other groups.

It seems likely that this levelling off in prices will be followed by some recovery, reflecting strengthening prices of industrial raw materials and of some farm products. No sharp advance in the general level of wholesale prices is anticipated in the near future, however, inasmuch as prices of finished articles are likely to experience further downward adjustments.

A marked upturn in prices of raw materials began toward the end of June, responding to improvement in business sentiment. Prices of non-ferrous metals, rubber, and hides led the advance.

The spread between prices of raw materials and finished articles, according to the Bureau of Labor Statistics series of index numbers grouped by stage of processing, has averaged approximately 10 points for the first 6 months of 1938 - the widest divergence in several years. Last September the spread amounted to only about 5 points. In recent weeks the spread has narrowed somewhat with the pick-up in raw materials prices. A reduction of from 7 to 17 percent in prices of steel products may encourage price reductions for some other manufactured goods.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products for the week ended July 2 was 81 percent of the pre-war level, compared with 79 for the first week in June and 96 for the corresponding week a year earlier.

In nine foreign countries which take about 80 percent of our agricultural exports, the combined index of wholesale prices declined a little further in May, to 86.7 percent of the 1924-29 average. Declines from April to May in England, Canada, Belgium, Poland and the Netherlands were nearly offset by price increases in Japan, Italy and France. The advance in French prices largely reflected the recent currency devaluation. Although the combined index of nine countries has been computed only through May, additional information points to continuation of these price trends in June and early July.

PRICES RECEIVED AND PAID BY FARMERS

Market prices indicate that the general level of prices received by farmers in mid-July is slightly higher than in mid-June. Prices of hogs, cattle, cotton and apples have advanced in the last month, whereas prices of grains, truck crops and some other products have declined.

The general level of prices received by farmers in mid-June, at 92 percent of pre-war, was unchanged from the May average, compared with 124 in June 1937. From mid-May to mid-June increases in prices of meat animals, particularly hogs, and more moderate gains in prices of eggs and miscellaneous commodities, offset minor declines in prices of grain, cotton and cottonseed, fruit, and dairy products.

The preliminary estimate of prices paid by farmers for commodities declined in June to 124 percent of pre-war, compared with 125 in May and 134 in June last year. The June ratio of prices received to prices paid by farmers, at 74 percent of pre-war, was unchanged from May, compared with 93 in June 1937.

FARM INCOME

Receipts from farm marketings in June made about the usual seasonal change from May. Receipts from sales of wheat and barley increased more than seasonally due to earlier marketing of the new crop, but corn and oats showed greater than usual declines. Income from meat animals was up more than seasonally while receipts from dairy products made less than seasonal increases and income from wool declined more than usual.

Cash income from farm marketings plus Government payments in the first half of 1938 totaled about \$3,340,000,000 compared with \$3,833,000,000 the first 6 months of last year.

About the usual seasonal changes in receipts from farm marketings are expected for the third quarter of 1938. July-September cash farm income including Government payments will, therefore, probably total about \$2,000,000,000 compared with \$2,342,000,000 in these months last year. Government payments probably will be considerably greater than the very small total of \$20,000,000 in these months last year.

Prospects are for stable grain prices and about the usual seasonal movement from farms during the third quarter of the year. A larger spring wheat crop will probably prevent as sharp a reduction in income from wheat as took place in August and September last year. Loans on wheat going into storage will be included in the income from grains. The larger numbers of hogs now on farms indicates that marketings in the third quarter will exceed the small totals in these months last year, but prices will be somewhat below last year although they may be above current levels. Marketings of dairy products are expected to continue above those of last year but lower prices will more than offset the increase in marketings.

COTTON

Cotton prices advanced about 1 cent per pound during June accompanying a sharp advance in prices of securities and other commodities, increased sales of cotton textiles by mills, and trade reports of unfavorable developments with respect to crop prospects. From July 1 to July 15 the average price per pound of Middling 7/8 inch cotton in the 10 markets, for the most part, fluctuated within a range of 15 points (hundredths of a cent) above to 31 below 9 cents. This compared with an average price of 12.50 and 12.12 cents, respectively, in June and July last year.

Domestic manufacturers' sales of cotton goods were as large or larger than the restricted production in each of the 4 weeks ended July 9, were reported as exceptionally large in the 2 weeks ended July 2, and were probably more favorable relative to output than in any 4-week period for more than a year. Considerable improvement occurred in sales of cotton goods by British manufacturers during the last half of June but most other countries continue to report sales as being very greatly restricted.

Domestic cotton mill activity showed some increase during June but the month as a whole averaged 35 percent below a year earlier. It seems likely that the recent marked increase in domestic mill sales will result in an increase in domestic cotton mill activity during the weeks and months immediately ahead, especially if general economic conditions should improve moderately.

The Department's estimate of 26,904,000 acres of cotton in cultivation in the United States on July 1 (released July 8) was 22 percent less than a year earlier and less than the national acreage allotment under the Agricultural Adjustment Act. For the month of June as a whole, reports indicate that weather conditions were not particularly favorable for the domestic crop with rainfall excessive and temperature above normal in many areas. In addition there were numerous reports, including one by the Bureau of Entomology and Plant Quarantine, to the effect that boll weevils were present in moderately large numbers in most of the cotton fields of the country. The limited information available continues to indicate a considerable reduction in the 1938-39 production in foreign countries. The Chinese crop is now expected to be about two-fifths less than that of 1937-38. In view of the marked increase in stocks, a sharp reduction in world production is necessary, however, if a new record high world supply of cotton is not to occur.

WHEAT

World wheat supplies for the year beginning July 1 are expected to be larger than in 1937-38. If there were not much change in demand, such a supply might result in lower world prices than were received for the 1937-38 crop. Domestic supplies are also expected to be large, and to result in a continuation of domestic prices below world levels. World and domestic wheat prices now have largely adjusted to the new crop basis, and changes in the next month or so will probably be affected chiefly by changes in spring wheat conditions in the United States and Canada. While only a part of the wheat supplies in excess of domestic utilization will come under the wheat loan, it is nevertheless expected that the loan will serve as a check on further domestic price declines.

It now appears that world wheat supplies* are likely to be about 435 million bushels larger than they were a year ago and the highest since 1933-34. World stocks* of old wheat on about July 1 are tentatively placed at about 650 million bushels which is almost 100 million bushels more than a year earlier. World production* is tentatively placed at about 4,160 million bushels which is 335 million bushels more than in 1937. Production in the Northern Hemisphere* may be about 300 million bushels more than a year ago. Increased production is indicated generally for all areas except Northern Africa. Growing conditions in Europe improved greatly during the past month and production is now expected to be slightly larger than that of last year. In the Southern Hemisphere, where the crop is still being seeded, moisture conditions to date indicate an increase of between 25 and 50 million bushels compared with last year.

A United States wheat crop of 967 million bushels, the largest since 1915 and the second largest on record, was indicated by July 1 conditions. A crop of this size would be about 285 million bushels in excess of the 10-year (1928-37)

* Excluding Soviet Russia and China.

average domestic disappearance of 683 million bushels. The carry-over on July 1 this year is now estimated at about 180 million bushels, and with prospects for exports in 1938-39 less favorable than in the crop year just ending, the carry-over into July 1939 may exceed the record carry-over of 378 million bushels on July 1, 1933.

CORN AND OTHER FEED GRAINS

Cash prices of corn, oats and barley held about steady from early June to early July. Corn prices have been unusually stable during the past 6 months and during the next few months are expected to continue near the present level if production estimates remain about as now indicated. The weekly average price of oats has declined about 6 cents per bushel since the peak reached last January, while weekly average barley prices have declined 27 cents per bushel since the high weekly average reached early in February. Both oats and barley prices usually decline until August or September and there may be some further decline when the new crops are marketed in volume. It now appears, however, that most of the seasonal decline in prices of these grains has already occurred and that any further decline will not be great.

Total production of corn, oats, and barley in 1938 was estimated at 93 million tons on the basis of July 1 conditions which compares with a production of about 98 million tons for these three feed grains last year and 87 million tons for the 1927-36 average. Although rains have been excessive in many areas, and have caused some delay in the growth of the corn crop, July 1 conditions indicated that yields will be considerably above average in most sections of the Corn Belt. The oats crop was indicated to be slightly below the 1937 crop, and the prospective barley crop somewhat larger than that of a year ago. The 1938 indicated production, together with the prospective large carry-over, may again result in a total supply of these three feed grains in excess of 100 million tons and probably the largest since 1932. While last year's production was somewhat greater than the indicated production this year, carry-over was small and the total supply was not as large as now seems probable for 1938-39.

Preliminary statistics on exports of corn during the period October-June indicate that exports in that period amounted to over 102 million bushels. While official figures are not yet available on the June exports of oats and barley, it now appears probable that exports of oats for the 1937-38 marketing year exceeded 11 million bushels and exports of barley amounted to about 17 million bushels.

RICE

The large supplies of rice which were on hand at the beginning of the present marketing year have apparently been disappearing at a comparatively rapid rate, since total United States stocks on July 1 were estimated to be about one-fifth below total stocks on that date in 1937. Total stocks were estimated to be considerably below those of a year ago in both California and the Southern States. Present indications are, however, that the 1938 crop will be larger than the record crop last year and total 1938-39 supplies may not be greatly different from those of a year ago. In the Southern States much larger supplies than a year ago are in prospect, while California supplies will probably be somewhat smaller.

The course of prices during the next 2 or 3 months will be influenced largely by changes in the prospect for the 1938 crops. If supplies are about as large as conditions now indicate, and if there is no material change in the general demand situation, average prices received by United States producers in 1938-39 will probably be no higher than average prices received during the present marketing year. Present indications are that a smaller proportion of the total supply may be located in California than in 1937-38, and in this case prices may be relatively high in this area, as compared with prices received in the South.

Exports and shipments to insular possessions have been large so far during the 1937-38 marketing year. From August through May exports totaled over 242 million pounds which was the largest for this period since 1928-29 and compares with 74 million pounds for the 1932-36 average. Shipments to insular possessions totaled about 303 million pounds which was 13 percent larger than shipments during this period last year and was somewhat larger than in other recent years.

BUTTER

Butter prices reached a low in early June and have since increased slightly. It is probable that the seasonal low point in prices has been reached. Butter production is large and promises to continue relatively large; stocks are unusually heavy. The seasonal rise in prices from mid-summer to early winter will probably be less than average.

Creamery butter production in May was 10 percent higher than a year earlier and 3 percent above the preceding peak for the month. Pastures are good, the prospects are for hay and feed grain crops of above average size, and supplies of feed on farms are relatively large. It seems probable that butter production will continue larger than in 1937.

Apparent consumption of creamery butter in May was about the same as a year earlier, while retail prices were 14 percent lower. After making an allowance for the butter distributed for relief, estimated consumer expenditures for butter in May were 15 percent less than a year earlier. It is probable that consumer expenditures for butter will continue lower than in 1937 during the remainder of the year.

Purchases of butter by the Dairy Products Marketing Association are tending to support the market currently, but these purchases will be available for resale after there has been some seasonal rise in prices.

POULTRY AND EGGS

On the basis of present data, the outlook for poultry and egg prices during the remainder of 1938 is (1) for a more than seasonal decline in chicken prices and (2) for a more than seasonal advance in egg prices.

Supplies of poultry during the last half of this year are likely to be greater than those of a year before because of the increased hatch. The increase in the hatch, as of June 1, had placed about 12 percent more chicks and young chickens on farms. Because of an unprofitable poultry storage season just closing the demand for poultry for storage may be weaker than usual. Demand for poultry

for consumption, too, is likely to be weaker than in the last 6 months of 1937 because of the lower level of consumer income.

The principal sources of egg supplies in the second half of the year are storage stocks, which this year are likely to be much below those of last year. It is expected that the effect on prices of this shorter supply of eggs will more than offset the effect of lower consumer incomes.

HOGS

Although some further advance in hog prices may occur during the remainder of the summer, prices probably will decline in the fall and early winter months, as hog marketings increase seasonally. The drop in prices in the coming fall months, however, is expected to be less than the sharp drop which occurred from mid-August to mid-December last year. In that period, when the Chicago weekly average price declined from about \$12.40 to \$7.75, there was a large seasonal increase in marketings and both consumer and storage demand for hog products weakened considerably. While a fairly large increase in marketings is probable for the coming fall, demand conditions probably will be relatively stable.

After advancing in late May, hog prices were fairly steady during June, but rose again in early July. Inspected hog slaughter in June, totaling 2,533,000 head, was slightly smaller than in May, but it was about 20 percent larger than in June last year. Some further seasonal reduction in hog slaughter may occur during July and August, but slaughter in those months probably will be considerably larger than that of a year earlier.

According to the June 1 Pig Crop Report recently released, the spring pig crop this year was estimated to be 13 percent larger than that of last year. This year's spring crop was the largest in 5 years, although it was much smaller than in any of the 10 years prior to 1934. The number of sows to farrow this fall was indicated to be about 9 percent larger than a year earlier. If this indication is borne out and the average number of pigs saved per litter this fall is about the same as last fall, the 1938 pig crop - spring and fall crops combined - will be 12 percent larger than the 1937 crop. In view of the indicated larger pig crops in 1938 than in 1937, it is expected that hog marketings in the marketing year beginning next October will be substantially larger than in the present marketing year.

The upswing in hog production this year is primarily a reflection of abundant supplies of feed in most areas and the fact that feed prices have been low in relation to hog prices. The increase in the pig crops this year, however, represents only a partial recovery from the effects of the severe droughts in 1934 and 1936. If feed crop production in 1938 is fairly large, as now seems likely, it is probable that next year there will be further increase in the number of pigs raised.

BEEF CATTLE

A further seasonal advance in prices of the better grades and some seasonal decline in prices of the lower grades of slaughter cattle probably will occur during the next 2 or 3 months. Prices of the better grades of cattle, however, are not expected to reach the unusually high levels of the late summer and early fall

a year earlier. During the next few months, supplies of well-finished grain-fed cattle will be larger, and consumer incomes smaller, than in the corresponding period of 1937.

With abundant supplies and relatively low prices of feed, and with generally favorable range and pasture conditions, there probably will be a greater-than-usual tendency to withhold cows, heifers, and calves as replacement stock in nearly all areas during the summer and fall. And the demand for feeder cattle is likely to continue strong. Hence, the usual declines in prices of the lower grades of cattle, with seasonally increased supplies, may not be very marked this year.

Prices of the better grades of slaughter steers and heifers advanced sharply in late June and early July, reaching new high levels for the year. This advance apparently reflected a seasonal strengthening in demand for such cattle. Prices of most grades of slaughter cows and of the lower grades of steers remained comparatively steady during June.

The number of cattle slaughtered under Federal inspection in June totaled 816,000 head, 6 percent more than a month earlier, but slightly less than in June 1937. During the first half of 1938, inspected cattle slaughter totaled about 2 percent less than a year earlier, with more steers but fewer cows and heifers in the slaughter supply. Shipments of stocker and feeder cattle and calves from 12 markets to the country, from January through June, were 7 percent larger this year than last.

LAMBS

Slaughter supplies of sheep and lambs during the late summer and early fall are likely to be larger, and consumer demand for meats and prices of pelts and wool weaker, than in the corresponding period a year earlier. Hence prices of lambs during the next few months probably will remain below those of last year, with a tendency to decline from present levels as supplies of grass-fat lambs increase seasonally. Present indications are that the supply of lambs available for market for the summer and fall will be larger than a year earlier. The number of such lambs to be slaughtered, however, will depend partly on the number sold as feeders. Last summer a relatively large volume of the Western lamb crop was purchased for feeding, being contracted for fall delivery during the summer. Few contract sales of western lambs were reported by early July this year.

The eastern market movement of spring lambs from California was virtually completed in early June. Marketings of new crop lambs from the Southeastern States, Idaho, and some sections of the Corn Belt got under way in large volume during June. Prices of spring lambs advanced fairly sharply in early June, but declined somewhat during the remainder of the month and in early July. Although the average price of about \$9.30 per 100 pounds for good and choice spring lambs at Chicago in June was approximately 40 cents higher than a month earlier, it was more than \$2.50 lower than in June 1937. Inspected slaughter of sheep and lambs in June, totaling 1,485,000 head, was 4 percent smaller than a month earlier, but was somewhat larger than in June last year.

WOOL

Although little change in domestic wool prices is expected in the immediate future, some strengthening in prices may occur before the end of the year. Prices were irregular early in June but were firm to slightly higher late in the month as demand improved. Stocks of finished and semi-finished goods probably have been sharply reduced in recent months, and some recovery in mill consumption of wool from present low levels appears likely in the late summer and fall. Prices in foreign markets may continue steady in view of the prospects for some decrease in production in the Southern Hemisphere.

Supplies of raw wool in the United States at the present time are considerably larger than at the same time in 1936 and 1937. But if imports remain small, as now appears likely, an increase in consumption in the latter part of 1938 over that of 1937 might result in smaller stocks of wool on January 1, 1939, than on January 1, 1938, but stocks probably will remain relatively large.

The weekly rate of mill consumption of apparel wool in the United States in May was the highest reported since last September. The May consumption, however, was 43 percent lower than in May 1937. Consumption in the first 5 months of this year was only half as large as in the same months of last year and was about 30 percent smaller than the average consumption for those months in the 5 years, 1932-36.

Although present indications point to a fairly large carry-over into the 1938-39 season in the Southern Hemisphere, this may be largely offset by a decrease in production. Supplies for the 1938-39 season, therefore, may be no larger than in 1937-38. The new Australian clip will amount to approximately 960 million pounds, grease equivalent, according to a preliminary estimate. This is a decrease of about 6 percent compared with the 1937-38 clip and will be the smallest clip since 1930.

From such information as is available it appears that supplies of raw wool in European countries are not large, but apparently are adequate for current mill requirements, which are at a reduced level. Stocks of raw wool in Japan are the smallest in many years. Imports into that country are likely to continue relatively small but perhaps not so small as in the season now closing.

FRUITS

With the exception of apples and apricots, prospective production of the major deciduous fruit crops in 1938 is near or above the 1927-36 average. According to July 1 indications the combined production of apples, peaches, pears, grapes, cherries, plums, prunes, and apricots will be 2.6 percent larger than the 10-year average. The indicated production of these 8 crops, however, is 20 percent less than their combined total in 1937. Although deciduous fruit crops are expected to be much smaller this year than last, they will be marketed under demand conditions much less favorable than those during most of the season a year earlier.

A total apple crop of 134 million bushels is indicated by July 1 conditions. This is 76 million bushels or 36 percent less than the very large 1937 crop and 11 percent below the 1927-36 average. All important producing States east of the Rocky Mountains have a smaller apple crop in sight this year than in 1937. As a group, the commercially important apple-producing States in the West (Washington, California, Idaho, Oregon, and Colorado) expect a crop in 1938 about 3 percent below that of a year ago and 5 percent below average.

The 1938 apricot crop is 9 percent smaller than average and plums are slightly under average. Prospective pear production is the largest of record; total cherry production is only slightly smaller than the record crop of 1937; the total prune crop (fresh equivalent basis) is 24 percent above the 10-year average. The production outlook for grapes is for a crop smaller than the record crop of last year but 12 percent above average. Peach production probably will be slightly above average.

POTATOES

The United States potato crop for 1938 is indicated to be 387 million bushels, or only 6,600,000 bushels less than the relatively large crop produced in 1937 and about 17 million bushels more than the 10-year average production. The crop in the 30 late States, excluding the early crop in California which already has been marketed, is expected to total 303 million bushels, or only about 6 million less than last year. Decreases are expected in all sections of the late group except in the 12 so-called deficit producing States, where the combined total is slightly above last year. The 1938 total crop in the early and intermediate States is indicated to be about the same as that of a year earlier.

Practically all of the commercial early crop and a large proportion of the commercial intermediate production already has been marketed. The carlot movement of potatoes reached a seasonal peak of slightly more than 6,500 cars during the week ended June 11, and has decreased sharply since. An increasing proportion of the marketings is usually moved by motor-truck and part of the supply comes from the home-grown crops at this season of the year. There are indications that the latter supply is quite large this year, which, together with a relatively large late crop in prospect, has caused potato prices in central markets to decline sharply in recent weeks. Usually, eastern market prices reach the season low point in August, when the commercial crop of New Jersey is being marketed, while western market prices reach their low point in October or November.

TRUCK CROPS

Wholesale prices of practically all truck crops declined between the early part of June and early July, as markets continued to be liberally supplied. Very sharp declines were registered for snap beans, cabbage, celery, and cucumbers. Lima beans were sharply lower in Chicago, and green peas in New York City. Price advances were recorded in both markets for lettuce, onions, and spinach. Considerable quantities of home-grown vegetables are now arriving by motor-truck. The combined rail movement of these products continued to decrease

and recently totaled only about 7,500 cars per week, compared with a weekly movement of about 9,000 cars in early June. Watermelons, tomatoes, and cantaloups recently exceeded all other individual crops in the volume of carlot shipments.

Production of lima beans in the second section of intermediate States is indicated to be slightly larger than that of last year and larger than average. The planted acreage of domestic cabbage in the late States is considerably larger than indicated by the early reports of prospective acreage and is now indicated to be 7 percent greater than the harvested acreage of last season and one-sixth above average. Acreage of late cauliflower is expected to be 6 percent larger than that of last year. The intermediate celery States have an indicated crop slightly above that of 1937 and one-fourth above average. The intermediate crop of cucumbers is expected to be one-tenth greater than last year's production and about 30 percent above average. Acreage of cucumbers in the first section of late States is indicated to be increased 10 percent over that of last season.

The second-early crop of eggplant in Louisiana is expected to be slightly larger than that of 1937 and about 170 percent greater than the average production. Acreage of late eggplant in New Jersey may be slightly smaller than that of last season. Failure of the June lettuce crop in California has sharply reduced the expectations in the first group of late States as a whole; only 2,881,000 crates are now expected in this group, compared with nearly 4 million last season and an average production of about 3,500,000 crates. Production of intermediate spinach in Colorado is indicated to be about one-fifth above that of 1937 and fully double the 10-year average crop.

